

**MEMO# 3078**

September 11, 1991

## **INSTITUTE SUBMITS COMMENT LETTER REGARDING FOREIGN TENDER, EXCHANGE AND RIGHTS OFFERS**

September 11, 1991 TO: INTERNATIONAL COMMITTEE NO. 22-91 INVESTMENT ADVISERS COMMITTEE NO. 42-91 SEC RULES COMMITTEE NO. 54-91 CLOSED-END FUND COMMITTEE NO. 23-91 INVESTMENT ISSUES COMMITTEE NO. 13-91 RE: INSTITUTE SUBMITS COMMENT LETTER REGARDING FOREIGN TENDER, EXCHANGE AND RIGHTS OFFERS

The Institute recently filed the attached comment letter with the Securities and Exchange Commission expressing general support for proposed rules, amendments and forms designed to encourage inclusion of U.S. securityholders in certain multinational tender, exchange and rights offer transactions. The letter responds to two Commission releases issued in June. See Memorandum to International Committee No. 12-91, Investment Advisers Committee No. 29-91, SEC Rules Committee No. 37-91, Closed-End Fund Committee No. 16-91 and Investment Issues Committee No. 6-91, dated July 9, 1991. Under the proposals, transactions meeting certain conditions would be permitted to proceed in the U.S. largely on the basis of foreign procedural, disclosure and accounting requirements. The Institute's letter notes that currently, U.S. investment companies and investment advisers (like other U.S. investors in foreign securities) frequently are excluded from or discriminated against in the context of potentially attractive transactions, to the detriment of their shareholders and clients. Thus, the letter reiterates the position expressed in the Institute's comment letter on the Commission's proposed conceptual approach to encouraging extension of multinational tender and exchange offers to U.S. holders (See Memorandum to Investment Advisers Committee No. 32-90, SEC Rules Committee No. 52-90, Closed-End Fund Committee No. 21-90 and International Funds Task Force No. 22-90, dated September 24, 1990). Specifically, the letter states that the ability to participate in these transactions on the same basis as other securityholders is better than no opportunity to participate. We will keep you informed of developments. Frances M. Stadler Assistant General Counsel

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